



National Academy of Public Administration
Chartered by Congress

April 15, 1988

To: Intelligence Panel Members
From: Don Wortman *[Signature]*
Subject: Clearance of Panel May 1st Report

Attached is draft of the May 1st report to the Intelligence Committees. I have not included two attachments to the report - the Terms of Reference and the Academy Proposal. There is a brief paragraph about each of you in Attachment A. You may want to make sure my succinct statement about you is ok.

I would appreciate your comments and/or concurrence on Wednesday, the 20th. You can reach us that day at the Academy - 202-347-3190.

INTERIM REPORT

OF THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION PANEL

FOR THE

STUDY OF INTELLIGENCE PERSONNEL SYSTEMS

MAY 1, 1988

INTERIM REPORT

STUDY OF THE INTELLIGENCE PERSONNEL SYSTEMS

Organizational Status

As required in the Intelligence Authorization Act for Fiscal Year 1988 (Title VII, Section 701), the Director of Central Intelligence contracted with the National Academy of Public Administration (NAPA) for a comprehensive review and comparative analysis of the civilian personnel management and compensation systems of the Intelligence Community (IC). The Academy has convened a Panel of public and private sector officials (Attachment A), some of whom have held senior intelligence posts, to assess the current situation and recommend any legislative or regulatory changes deemed needed to improve IC personnel system effectiveness.

The Panel is assisted by a project staff which develops options and recommendations for the Panel's review. The staff is composed of retired intelligence agency employees, experts in federal human resource management issues and experienced analysts. The combination of diversity and experience will permit critical questioning within a knowledgeable environment.

As specified in Section 701(e), the Director of the Intelligence Community staff has provided the requested support and access to necessary information. Panel members and project staff have been provided security clearances. Secured office space was provided. To facilitate access and coordination, the Intelligence Community staff established a Study Steering Group of senior representatives of the personnel function from each intelligence organization and this group has been meeting every week to facilitate the work of the project.

The contract for the study was signed February 17, 1988. Pertinent background papers leading to the contract are: a) the Terms of Reference generated by the Intelligence Community, dated January 19, 1988; and b) the National Academy of Public Administration's proposal, dated February 12, 1988. Both are included under Attachment B.

Agency Initiatives

One of the objectives of the two interim reports -- this one and the one on August 1, 1988 -- is for the Panel to address proposed changes to personnel management and compensation systems that intelligence organizations believe important to implement before the overall study is completed.

All of the agencies were asked if they had proposals they wanted the Panel to evaluate in this context. Both the Central Intelligence Agency (CIA) and the National Security Agency (NSA) identified the concept of a flexible benefits program as a change they would like the Panel to address. The CIA has developed such a program and under it staff will be able to select those benefits, within a dollar amount, which best meet their individual (family) needs. A report on this initiative, with Panel recommendations, will be provided as soon as the analysis and Panel considerations can be completed.

The CIA has a number of other changes that they want to undertake, and they believe these are not significant and do not have Community wide implications. The project staff has been briefed on these and will discuss these with the staffs of the Senate and House Intelligence Committees and the Panel Chair before advising CIA whether or not to proceed.

Development of the Baseline Comparison

Prior to beginning detailed field work, the project staff requested comparable personnel-related data from each agency. The information was organized as follows:

Organization of Agency

Legal Basis for Agency Personnel Program

Changes in Personnel Programs since 1978

Major Issues/Problems in the Agency
Personnel Program

Changes Considered to be Needed in Controlling
Personnel Law and/or Regulation

Significant Changes Considered Needed in Personnel
Program and Which can be Made within Existing
Authorities but are Being Delayed by the 1988
Appropriation Act Conference Report Language

Experience in Recruiting and Retaining People
with Critical Skills

Addressing the Future Workforce Needs of the Agency

Overview of Current Personnel Policies and Practices

Competition between IC Agencies in Personnel
Programs

To further familiarize themselves with each agency's personnel system and to become better acquainted with cross-cutting issues, the project staff held an intensive two-day meeting with representatives of the IC staff, the Central Intelligence Agency (CIA), the National Security Agency (NSA), the Defense Intelligence Agency (DIA), Military Intelligence, the Federal Bureau of Investigation (FBI) and the State Department's Bureau of Intelligence and Research (INR). This off-site session provided the requisite background for project staff to develop separate profiles and issue statements for each of the agencies.

After analyzing information on each agency, project staff developed a matrix which compared like data, with emphasis on the history of changes to the different personnel

systems and on changes now perceived needed. This matrix will be further refined throughout the study, and will provide the framework for the comparative analysis requested by the Intelligence Committees of the Congress.

Using this information, the NAPA Panel held its first meeting April 1, 1988. During that session, its members met with staff of the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence and, separately, with senior leaders of the Intelligence Community agencies. Discussion with Committee staff provided background on congressional rationale for the study and expectations for results. Senior agency representatives further discussed employment trends and impediments the current personnel systems impose on effective operations.

Early Observations

The IC personnel systems range from close adherence to Title 5 (that part of the U.S. code that relates to personnel and is overseen by the Office of Personnel Management) to more flexible systems such as those of CIA and DIA. A major difference between staff of intelligence agencies and those of other government entities is the security requirement : the ensuing lifestyle limitations while employed and the

constraints placed on employees once they leave employment with an intelligence organization. This is often cited as the major reason IC agencies believe their staffs should be compensated at a higher rate than other civil servants.

There is an increasing demand by executive branch agencies for greater flexibility in managing their human resources. The Office of Personnel Management, through delegation and deregulation, and the Congress, through specific demonstration authorities, like those recently given the Bureau of Labor Standards, are responding to these demands. These are driven by the mission requirements of these agencies.

Central to this study is the Panel's assessment of the "uniqueness" of the missions of the intelligence agencies and the implication of even greater flexibility needed to support them. To some extent, this uniqueness/flexibility justification is already reflected in authorities granted to the Director of Central Intelligence. However, guidelines need to be developed for their use among intelligence agencies and between the intelligence agencies and the rest of government. It seems clear to the Panel that the climate for change in federal personnel has contributed and will continue to contribute to the intelligence agencies having more flexible systems. This study needs to provide advice on the guidelines and parameters for this development.

In examining staffing patterns and vacancy rates available to date, the Panel cannot see clear patterns of staff shortages in the critical skill areas of engineering, computer science, languages or mathematics. What cannot yet be determined is whether the quality of candidates now recruited is as high as that of the past, or whether the more attractive private sector salaries and benefits are attracting the best recent graduates or most talented current employees. Because the IC agencies report little long-range workforce planning, it is not clear whether staff shortages will be a more critical problem in the next 10 years. Further investigation will be conducted in this area.

There are variations in pay and benefits patterns among the intelligence agencies, and these do cause morale and equity problems, especially overseas. For example, Foreign Service and CIA employees receive more generous overseas allowances than do most other employees in apparently similar occupations. Thus, even if they work in the same hallway doing the same level of work, the staffs receive varying paychecks. More detailed analysis will be conducted in this area.

Issues to be Analyzed

The Panel will examine these issues in the context of the existing missions of the IC agencies. However, given the uncertainty in projecting future missions, emphasis will be on suggesting changes that would permit designing systems sufficiently flexible to meet a wide range of operating options.

The Panel concluded that the primary areas of investigation will be total compensation, training and career development, staffing, equal employment opportunity, and future Human Resources Management (HRM) needs of the IC agencies.

These areas will be examined in the context of the broad issues stated in the Authorization Act and the contract: whether the present and planned HRM systems will be able to attract and retain the highest quality personnel; whether there is a need to significantly alter HRM systems to meet future change; and whether there are significant differences in the HRM problems confronting the intelligence community agencies in contrast to other federal agencies and in contrast to each other.

The focus of inquiry for each area to be examined is:

1. Total Compensation

--Examine pay from two aspects: the impact of the pay cap and the need for increased agency flexibility in the use of the pay system within cap limits.

--Examine benefits from two aspects: whether the nature of intelligence work justifies benefits enhancement and whether the intelligence agencies need increased flexibility in using benefits to better meet the needs of a changing workforce.

--Examine compensation and benefits comparability for staff in overseas assignments including a comparison with the Foreign Service.

--Examine specific pay and benefit issues -- cited in the contract and/or developed in the course of the study -- which affect the ability of the intelligence community agencies to compete with the private sector and with other federal agencies for top quality personnel.

--Develop comparative data on the costs of federal staff as compared to contract staff.

--Determine whether the dual compensation provision for retired military officers is an impediment to recruitment for positions that require specialized military intelligence experience.

2. Career Development and Training

--Examine the career development programs to determine how they support current and projected staffing and skill needs of the agencies.

--Examine the training and retraining programs in the agencies and how they are linked to improving job performance and meeting current and future skill needs.

--Examine the resources for training and career development programs.

--Examine how workforce and succession planning programs are used to define and guide staffing, training and career development program needs of the agencies.

3. Staffing

--Determine current and projected skill shortage and retention problems which threaten accomplishment of agency missions.

--Examine the impact of the more stringent personnel security requirements of the IC agencies on the ability of the agencies to compete in the labor market. Included here will be whether the length of time between an offer of employment and entry on duty causes some good candidates to accept other positions.

--Examine projections of agency staffing needs from the current staff base. Assess the impact of congressional personnel authorizations for the IC agencies and the effect of congressional action on pay and benefits.

--Explore the possibility of assessing the quality of new staff being employed and retained now and in the future.

4. Equal Employment Opportunity

--Analyze each agency's equal employment profile.

--Determine what each agency is doing to enhance the representation of female and minority staff in the organization.

5. Organizational Issues

--Examine the role of the DCI in providing guidance and direction to the intelligence community agencies' HRM programs and for performing an on-going oversight of HRM.

The Panel also considered examining the potential impact of wartime operations on those intelligence functions heavily dependent on civilian personnel. While recognizing the importance of this issue, the Panel believed it to be beyond the scope of the study envisioned in the Authorization Act.

The study will be directed primarily to the CIA, NSA, DIA, and FBI. Redesign of the civilian personnel systems of the military intelligence agencies is underway, and is not scheduled for implementation until October 1988. The Panel's findings and recommendations should be useful in assessing these changes. Study of the State INR activity will be limited, given its size and the fact that it is so integrated into the regular Foreign Service and Civil Service personnel systems of that large Department.

Schedule for Studies

The Panel's work is organized to reflect the interim and final reporting dates specified in the Authorization Act. Work done to date is summarized in the initial pages of this report.

Between May 1 and August 1, the Panel will review issues associated with staffing, equal employment opportunity, career development and training, and will complete a baseline comparison of the agencies' personnel systems. The August 1 report will have findings and tentative recommendations in these areas.

By early October 1988, the Panel expects to complete its work in total compensation and organizational issues. It will meet to discuss these issues and the overall thrusts of the final report. By early November, the project staff will prepare the initial draft of the January 1989 report, and the Panel will meet to review it. Thus, by December 1988, the final report should be nearing completion.

Attachment A: Panel Biographies

Attachment B: Terms of Reference and NAPA Proposal

NAPA PANEL FOR INTELLIGENCE
COMMUNITY PERSONNEL STUDY

PHILIP ODEEN* - PANEL CHAIR: Regional Managing Partner, Coopers and Lybrand. Served as Vice President for Financial Planning and Corporate Services, Wilson Sporting Goods, Co.; Director of Program Analysis, National Security Council and Principal Deputy Assistant Secretary of Defense for Systems Analysis. Also has been Chair of the Washington World Affairs Council and Subcommittee Chair on President's Commission on Military Compensation. Assisted Frank Carlucci in study of National Security Council Staff.

JULIUS BECTON - Director, Federal Emergency Management Agency, retired as a Lieutenant General of the U.S. Army in 1983 from the position of Deputy Commanding General of the Army's Training and Doctrine Command. He had been Commander of the 7th Corps in Germany and of the 1st Cavalry earlier in his career.

JAMES COLVARD* - Assistant Director for Tactical Systems, Applied Physics Laboratory at John Hopkins University. He has served as Deputy Director, Office of Personnel Management; Deputy Chief of Naval Materiel; Technical Director, Naval Weapons Laboratory; and Technical Director, Naval Surface Weapons Center.

BOBBY INMAN* - Chairman and CEO, Westmark Systems, Inc. Former Chairman and CEO of Microelectronics and Computer Technology Corporation. Served as Deputy Director of Central Intelligence and Director of the National Security Agency.

CAROL LAISE* - Ambassador, Retired. Served as Assistant Secretary of State for Public Affairs, Director General of the Foreign Service, Ambassador to Nepal, and Director of the Division of South Asian Affairs. Member of the Council on Foreign Relations.

FRED MEUTER - Manager, Executive Compensation, Xerox Corporation. Twenty-nine years of broad-based compensation experience with major corporations, e.g. TRW and 3M. Combat Intelligence Officer, U.S. Air Force during Korean conflict. FBI Special Agent for six years.

WILLIAM MILLER* - President, American Committee on U.S. Soviet Relations. Has served as Associate Dean and Adjunct Professor, Fletcher School of Law and Diplomacy, Tufts University; Staff Director, Senate Select Committee on Intelligence; Special Assistant to Senator John Sherman Cooper of Kentucky; and as a Foreign Service Officer in Washington and Iran.

*Academy Members